

Message Text

PAGE 01 TEGUCI 01882 091524Z

44

ACTION ARA-10

INFO OCT-01 ISO-00 ARAE-00 CIAE-00 PM-03 H-02 INR-07 L-02

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 AID-05 PC-01

AGR-05 OMB-01 EB-07 COME-00 TRSE-00 /068 W

----- 079573

P R 082207Z MAY 75

FM AMEMBASSY TEGUCIGALPA

TO SECSTATE WASHDC PRIORITY 9999

INFO USIA WASHDC

DIA WASHDC

AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

USCINCSO

LIMITED OFFICIAL USE TEGUCIGALPA 1882

E.O. 11652: N/A

TAGS: PINT, HO

SUBJECT: CONTINUING REACTION TO GOH CHANGES AND UB BRIBERY STORY

REF: TEGUCIGALPA 1849

BEGIN SUMMARY: THE MAY 7 WALL STREET JOURNAL STORY ALLEGING THAT FORMER MINECON BENNATON SOLICITED PAYMENT FROM UNITED BRANDS HAS PUT THE UB SCANDAL BACK ON THE COUNTRY'S FRONT PAGES. BENNATON HAS ISSUED A COMPLETE DENIAL AND SOME OBSERVERS BELIEVE THAT HIS PERFORMANCE HAS BEEN CONVINCING. THERE IS LITTLE EDITORIAL COMMENT AS YET ALTHOUGH LA PRENSA GIVES A HIGH DEGREE OF CREDIBILITY TO THE STORY. END SUMMARY.

1. WITH THE REVELATIONS BY THE WALL STREET JOURNAL CONCERNING EX-MINICON BENNATON ON MAY 7, THE UB BRIBERY STORY IS ONCE AGAIN THE SUBJECT OF BANNER HEADLINES.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 TEGUCI 01882 091524Z

THE STORY BROKE BY RADIO DURING THE LATE MORNING OF MAY 7 AND BY MIDDAY, BENNATON HAD DENIED THE CHARGES. THE HEADLINES OF THE MAY 7 EL DIA READ, "ACCORDING TO THE WALL STREET JOURNAL: BENNATON ASKED FOR THE

MONEY." THE PAPER THEN PRINTED AN EFE WORE STORY QUOTING THE JOURNAL AS SAYING THAT BENNATON HAD TRAVELLED TO MIAMI IN AUGUST TO MEET WITH UB VICE PRESIDENT HARVEY JOHNSON. BENNATON OFFERED TO REDUCE THE GOH BANANA EXPORT TAX IN RETURN FOR \$5 MILLION. THIS SUM WAS REDUCED BY HALF BY UB WHICH THEN PAID THE FIRST OF TWO INSTALLMENTS. "UB HAD NO OTHER CHOICE THAN TO ACCEPT THE BRIBERY PROPOSAL BECAUSE DURING THAT PERIOD 35 PERCENT OF ITS PRODUCTION CAME FROM HONDURAS."

2. EL DIA ALSO PUBLISHED BENNATON'S DENIAL. BENNATON ADMITTED THAT THERE HAD BEEN CONVERSATIONS WITH COMPANY OFFICIALS BUT DENIED THAT HE HAD ASKED FOR MANEY IN EXCHANGE FOR A LOWERING OF THE BANANA TAX.

3. CONSERVATIVE LA NOTICIA OF MAY 7 WENT TO PRESS BEFORE THE BENNATON STORY BROKE, THE PAPER PRINTED AN INTERVIEW WITH ROBERTO RAMIREZ, THE FORMER PRESIDENT OF THE SUPREME COURT, WHO SAID THAT THE INVESTIGATING COMMISSION CAN BRING CHARGES AGAINST NO ONE. ACCORDING TO RAMIREZ, ALL THE COMMISSION CAN DO IS REPORT TO THE COUNCIL OF MINISTERS AND THE CHIEF OF STATE WHO MUST THEN DETERMINE THE APPROPRIATE ACTION.

4. SENSATIONALIST EL CRONISTA OF MAY 8 CARRIED THE HEADLINE, "THE WALL STREET JOURNAL ACCUSES BENNATON OF RECEIVING THE BRIBE: LOPEZ DOES NOT APPEAR TO BE IMPLICATED IN THE SCANDAL." EL CRONISTA ALSO PRINTED THE EFE NEWS ITEM. ALSO ON THE FIRST PAGE THE PAPER ASKED, "IS BENNATON GUILTY?" IN THE FOLLOWING ARTICLE, BENNATON IS QUOTED AS SAYING THAT THE NEW WALL STREET JOURNAL STORY IS JUST ANOTHER STEP IN THE ANTI-HONDURAN CAMPAIGN BY UB WHICH FIRST CAUSED THE FALL OF LOPEZ AND WHICH WAS NOW AIMED AT BENNATON. THE EX-MINISTER CLAIMED A CLEAR CONSCIENCE AND SAID THAT HE HAD APPEARED BEFORE THE HONDURAN PEOPLE AND WOULD APPEAR BEFORE THE INVESTIGATING COMMISSION AS MANY TIMES AS WAS NECESSARY. HE SAID HE
LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 03 TEGUCI 01882 091524Z

WOULD BE A SCAPEGOAT FOR NO ONE, PARTICULARLY NOT FOR UB.

5. THE ELCRONISTA ARTICLE ALSO REPORTS ON AN INTERVIEW WITH LIBERAL PARTY LAWYER, MAX VELASQUEZ, WHO CLAIMED THAT THE INVESTIGATING COMMISSION HAS NO REAL LEGAL STATUS AND IN THE CASE OF LEGAL ACTION AGAINST THOSE ACCUSED OF ACCEPTING THE UB BRIBE, ALL THE COMMISSION'S FINDINGS WOULD HAVE TO BE CONFIRMED IN ORDINARY LEGAL PROCESSES. VELASQUEZ ALSO SAID THAT THE MAXIMUM PENALTY FOR USING ONE'S OFFICE FOR PERSONAL PROFIT (COHECHO) IS TWO YEARS IMPRISONMENT BUT, GIVEN THE SERIOUSNESS OF THE CRIME, THOSE GUILTY COULD ALSO BE ACCUSED OF ACTS AGAINST THE

COUNTRY'S HONOR, ALSO PUNISHABLE BY A JAIL SENTENCE.

6 LIBERAL TIEMPO OF MAY 8 CARRIED A HEADLINE SAYING, "UB RATIFIES THE BRIBERY OF BENNATON." THE PAPER PRINTED AN AP WIRE SERVICE ITEM ABOUT THE WALL STREET JOURNAL STORY AND BENNATON'S DENIAL. TIEMPO OFFERED NO EDITORIAL COMMENT ABOUT THE LATEST BENNATON STORY BUT DID PRINT A COMMENTARY BY CIRILO NELSON SAYING THAT ALTHOUGH LOPEZ LEFT OFFICE IN DISGRACE, MUCH BENEFICIAL LEGISLATION WAS PASSED DURING HIS TENURE.

7. CONSERVATIVE LA PRENSA OF MAY 8 CARRIED THE HEADLINE, "BENNATON PROPOSED THE BRIBERY PAYMENT TO UB." LA PRENSA PUBLISHED THE EFE NEWS SERVICE STORY AND AN INTERVIEW WITH BENNATON, WHO SAID IN PART, "I BELIEVE THIS IS ALL A POWER STRUGGLE WITHIN UNITED BRANDS, BECAUSE ACCORDING TO SOME INFORMATION THE COMPANY IS ON THE VERGE OF BANKRUPTCY. I DO NOT HAVE THE SLIGHTEST DOUBT THAT AT THE BOTTOM OF THIS THERE IS A CONSPIRACY THAT HAS ALREADY HAD ITS FIRST EFFECT WHICH IS THE CHANGE OF THE LOPEZ GOVERNMENT AND THE SECOND, IS TO FIND SOMEONE TO BLAME, BECAUSE I DIDN'T KNOW THAT ABRAHAM BENNATON WAS SO POWERFUL THAT HE COULD MAKE SUCH AN OFFER TO A COMPANY."

8. IN ITS STANDARD EDITORIAL COLUMN ENTITLED "POLITICAL WATCH TOWER," LA PRENSA COMMENTED ON THE BENNATON STORY. LA PRENSA CREDITS THE WALL STREET JOURNAL STORY AS LIKELY BEING CLOSE TO THE TRUTH. IT ASKS, THEN, IF IN FACT THE MANEY CHANGED HANDS MORE IN THE FORM OF BLACKMAIL THAN LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 04 TEGUCI 01882 091524Z

IN THE FORM OF A BRIBE, ON WHAT CAN THOSE DEMANDING THE IMMEDIATE NATIONALIZATION OF THE FRUIT COMPANIES BASE THEIR CASE? LA PRENSA SUGGESTS THAT THE JOURNAL ARTICLE RAISES OTHER QUESTIONS. COULD BENNATON HAVE BROUGHT ABOUT THE TAX REDUCTION BY HIMSELF? IF NOT, WOULD PEOPLE OF EQUAL OR HIGHER (I.E., LOPEZ) RANK BE INVOLVED? WOULD IT ACTUALLY BE POSSIBLE TO LOWER THE TAX IN RETURN FOR MANEY WITHOUT THE KNOWLEDGE OF LOPEZ? LA PRENSA SAYS THESE QUESTIONS SHOULD BE ANSWERED BY THE INVESTIGATING COMMISSION. FINALLY, THE PAPER CONCLUDES THAT THERE EXISTS GROUNDS TO EVOKE LEGAL PROCESS TO HAVE THE JOURNAL PROVE ITS ALLEGATIONS. LA PRENSA ASKS: WILL BENNATON DO SO? WILL THE GOH DO SO? OR ARE THEY AFRAID THAT THE JOURNAL REALLY CAN OFFER CONCRETE PROOFS?

9. COMMENT: IT IS TOO EARLY TO SEE THE FULL RANGE EFFECT OF THE WALL STREET JOURNAL ALLEGATIONS ABOUT BENNATON. WHATEVER THE TRUTH IN THIS MATTER, THE STORY CERTAINLY GIVES LOPEZ' HIRED JOURNALISTS A CONVENIENT STORY, I.E., "LOPEZ WAS AN INNOCENT AND UNKNOWING VICTIM WHO WAS BETRAYED BY HIS TRUSTED MINISTER OF

ECONOMY."

SANCHEZ

LIMITED OFFICIAL USE

<< END OF DOCUMENT >>

Message Attributes

Automatic Decaptioning: X
Capture Date: 26 AUG 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BRIBERY, PRESS COMMENTS, POLITICAL SITUATION, GOVERNMENT REACTIONS, ALLEGATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 08 MAY 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975TEGUCI01882
Document Source: ADS
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Film Number: D750163-0535
From: TEGUCIGALPA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t197505100/baaaaeby.tel
Line Count: 167
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 08 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <08 SEP 2003 by CunninFX>; APPROVED <13 NOV 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: n/a
TAGS: PINT, HO
To: STATE INFO USIA
DIA
GUATEMALA
MANAGUA
SAN JOSE
SAN SALVADOR

USCINCSO

Type: TE

Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006